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C O N F I D E N T I A L JERUSALEM 001863

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NEA FOR FRONT OFFICE; NEA/IPA FOR  
GOLDBERGER/SHAMPAINE/BELGRADE; NSC FOR ABRAMS/SINGH;  
TREASURY FOR HARRIS/LOEFFLER/NUGENT/HIRSON

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SUBJECT: PROMINENT FATAH FIGURES CALL FOR HAMAS TO BE  
"BURIED" IN GAZA

Classified By: Consul General Jake Walles for reasons 1.4 b,d.

¶1. (C) Summary. In separate meetings on August 28, Palestine Stock Exchange (PSE) CEO Hassan Abu Libdeh and Al-Ayyam Editor Akram Haniyah told NEA DAS Robert Danin that Israeli and international support is crucial to demonstrate tangible improvement in Palestinians' daily lives. Abu Libdeh said it is time to "bury Hamas" in Gaza. Haniyah said progress on a political track combined with improvements on the ground would ensure that Hamas would never win elections. End Summary.

¶2. (C) In a Ramallah meeting with DAS Danin on August 28, PSE CEO Abu Libdeh said it is dangerous to delay in confronting Hamas in Gaza. If Hamas is able to buy more time, he said, it will work against Palestinians' secular nature. "Time is really precious," and all regional governments, including Israel, Egypt and Jordan, have a stake in seeing Hamas' brand of Islamic fundamentalism defeated in Gaza and discredited as an alternative form of government. However, there had not yet been a concerted effort among these actors to build an alternative to Hamas, he said.

¶3. (C) "We have a rare opportunity to bury Hamas in Gaza," Abu Libdeh said. "We should make this the end of their story." Hamas will not be brought back into the mainstream, but ensuring Hamas' defeat requires both planning and resources. Abu Mazen and Fayyad, he said, are making a mistake in leaving the door open for Hamas to retreat on its own terms. Instead, the GOI and PA need to be "brave" in confronting Hamas. "We should not be concerned about poverty in Gaza," he said, but should ensure that Hamas is held responsible for it. Unfortunately, Abu Libdeh said, "we are not really genuine about putting together a timely, pragmatic approach to put a cap on Hamas." He claimed that Egypt underestimates the long-term ramifications of Hamas-run territory on their border.

¶4. (C) Abu Libdeh praised Fayyad's recent decision to close charities and NGOs with links to Hamas. But in the West Bank, there is still not enough being done to counter Hamas' two main strengths: provision of social services and use of mosques for political purposes. Abu Libdeh warned that Palestinians are heading toward a fundamentalist society. To counter this trend, Palestinians need to understand that Abu Mazen and Fayyad can deliver. "This government will not survive by paying salaries alone," he said. The economy needs to be revived, access and movement restrictions lifted, and security improved. "We need to face our own music, but the Israelis need to do a lot to help us. If you work sequentially, you will lose the game."

15. (C) Author, journalist and current editor of Al-Ayyam newspaper, Akram Haniyah told DAS Danin that recent events had demonstrated clearly that Hamas cannot be a partner. Now the Palestinian Authority (PA) can define future steps with a clear conscience. Hamas will never, he said, transform itself into a moderate Islamic party, and its failure to integrate has been a big blow to political Islam in the Middle East. The turning point was the Sharm al-Sheikh meeting in August, when regional powers lent support to the PA in Ramallah. It is, Haniyah said, the most extreme part of Hamas that is now running Gaza. "Now is not the time to ask Hamas for anything, we need to reach a situation where Hamas will fail."

16. (C) Fayyad has done a lot in the past two months, Haniyah said, but "hasn't gotten anything from Israel, except for a prisoner release." Most importantly, Fayyad needs to deliver on the ground. Israelis need to ease movement for Palestinians to give a sense that they take the PA seriously and to allow for Fayyad to improve the economy on the West Bank. On the political track, the parties need to agree on something "more than a declaration of principles, but less than a peace treaty," he said. Decisions are needed that will restore a "spirit of productivity." If the November meeting fails, Haniyah warned, it will be a victory for Hamas and Hizbollah. But if there is a negotiating process combined with tangible progress on the ground, "Hamas will never win elections."

17. (C) Note: Abu Libdeh is a leading candidate to replace George Abed as Governor of the Palestine Monetary Authority.  
WALLES